UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/51/684
20 November 1996

ORIGINAL: ENGLISH

Fifty-first session
Agenda item 123 (a) and (b)

FINANCING OF THE UNITED NATIONS PEACEKEEPING FORCES IN THE MIDDLE EAST

United Nations Disengagement Observer Force

United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Disengagement Observer Force (UNDOF) (A/51/405), which contains the financial performance report of UNDOF for the period from 1 December 1994 to 30 November 1995, and the report on the United Nations Interim Force in Lebanon (UNIFIL) (A/51/535), which contains the financial performance report of UNIFIL for the period from 1 February 1995 to 31 January 1996. During its consideration of both reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

I. UNITED NATIONS DISENGAGEMENT OBSERVER FORCE

2. UNDOF was established by the Security Council in its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the agreement on disengagement between Israeli and Syrian forces. Its mandate has since then been extended and adjusted by the Council in subsequent resolutions, the latest being resolution 1057 (1996) of 30 May 1996, by which the Council extended the mandate of the Observer Force to 30 November 1996.

3. The report of the Secretary-General (A/51/405) contains information on the financial performance of UNDOF for the period from 1 December 1994 to 30 November 1995. The report also outlines the action to be taken by the General Assembly at its fifty-first session in connection with the financing of UNDOF.

4. As indicated in paragraphs 9 and 10 of the report of the Secretary-General, total estimated expenditures from inception to 30 November 1996 amount to $1,128.4 million gross, while total resources made available to the Observer Force amount to $1,148.8 million gross, including credits of $19.2 million returned to Member States. Amounts assessed for the same period total $1,132.3 million, while contributions received as at 15 September 1996 amounted to $1,061.2 million.

5. Annex I of the report shows that total resources made available to UNDOF for the period from 1 December 1994 to 30 November 1995 amount to $32,131,000 gross ($31,132,000 net). Expenditures amounted to $30,928,300 gross ($30,158,900 net), resulting in an unencumbered balance of $1,202,700 gross ($973,100 net).

6. The Committee notes that savings have resulted under the following budget headings: $384,200 under military personnel costs, $88,700 under premises and accommodation, $332,800 under transport operations, $22,600 under communications, $250,000 under other equipment, $162,500 under supplies and services and $229,600 under staff assessment. These correspond primarily to more favourable rates for the hire of aircraft used for rotation of military personnel; additional vehicles, equipment and supplies received from other missions; cancellation and deferral of maintenance projects in connection with the special measures taken in relation to the financial situation of the Organization; and a reduction in prices offered for petrol, oil and other lubricants by the Government of the Syrian Arab Republic, as indicated in paragraph 7 of the report.

7. Those savings were offset in part by additional requirements of $282,700 for civilian personnel costs resulting from higher than estimated costs for staff in the Field Service category, thus resulting in an unencumbered balance of $1,202,700 gross ($973,100 net).

8. The Advisory Committee recalls the comments made in its previous report (A/50/694/Add.1) on the financing of UNDOF for the period from 1 July 1996 to 30 June 1997. Military observers from the United Nations Truce Supervision Organization (UNTSO) have been deployed in UNDOF since the beginning of the operation of the mission. As indicated in paragraph 9 of that report, the cost of maintaining 81 observers in UNDOF amounts to $19.1 million for the biennium 1996-1997, yet the cost of that deployment was not reflected in the budget of UNDOF, nor is it reflected in the performance report. Upon inquiry, the Committee was informed that these military observers' administrative expenses are charged to UNTSO, yet they report to the Force Commander in UNDOF. The Committee requested a breakdown of UNTSO support costs to UNDOF, as well as to UNIFIL, as included in the programme budget for the biennium 1996-1997. The information is attached as annex I to the present report.

9. The Advisory Committee is of the opinion that the budget of UNDOF, as well as that of UNIFIL, is understated by those amounts which are charged to the regular budget in relation to UNTSO. The Advisory Committee requests the Secretary-General to submit proposals to the General Assembly, through the Advisory Committee, on how to deal with the situation.

10. The Advisory Committee also inquired regarding the findings reported by the Office of Internal Oversight Services in paragraphs 40 to 43 of its second annual report (A/51/432, annex). As indicated there, allegations were made concerning the interference with the decision-making process of the local committee on contracts with a view to favouring a local contractor, who had not only been supplying fresh rations for 12 years at prices above the lowest acceptable bidder but, furthermore, was providing poor-quality products and was allegedly using United Nations trucks to smuggle import-controlled goods into the Syrian Arab Republic. The Committee understands that the Secretariat will provide further information regarding this issue in the context of the discussions of the report of the Office of Internal Oversight Services in the General Assembly. However, representatives of the Secretary-General assured the Committee that steps had been taken by the mission, including the revision of the pro forma invitation to bid given out to potential contractors, which now provided for more stringent requirements from the bidders. The Advisory Committee once again reiterates its opinion stated in its report in relation to the financial reports and audited financial statements, and reports of the Board of Auditors (A/51/533), that procurement reform should be given top priority.

11. The Committee inquired further in relation to the overexpenditure under budget item 2, civilian personnel costs, of $282,700. In this regard, the Committee notes that the overrun in common staff costs resulted - as indicated in paragraph 10 of annex II - from lower estimates for the Field Service category and the reclassification of UNDOF headquarters to a "B" duty station, which entailed an additional payment for mobility and hardship allowance to international civil staff. Furthermore, the Committee also notes the additional requirements under general temporary assistance relating to the recruitment of staff at the local level as replacement for staff temporarily assigned to other missions, as indicated in paragraph 13 of annex II of the report of the Secretary-General (A/51/405).

12. The Committee sought additional clarification on the modalities for payment of outposted local staff and the legal authority for those payments. The Committee was informed that local staff members of UNDOF came under the 100 series of the Staff Rules. Therefore, when such staff were assigned as required to special missions, this was done in accordance with the established practice followed in New York or other United Nations offices. Benefits pertaining to internationally recruited staff were applicable to local staff during their service away from the parent duty station. UNDOF local staff assigned to special missions thus continued to be paid their normal salaries applicable to UNDOF and payments were effected by UNDOF in accordance with the salary scales established for the mission area, yet their salaries and related allowances were then charged by UNDOF to the respective mission.

13. Paragraph 11 of the report of the Secretary-General indicates that the action to be taken by the General Assembly in connection with the financing of the Observer Mission is a decision to credit Member States their respective share of the unencumbered balance of $1,202,700 gross ($973,100 net). The Advisory Committee recommends that the unencumbered balance be credited to Member States.

II. UNITED NATIONS INTERIM FORCE IN LEBANON

14. UNIFIL was established by the Security Council in its resolution 425 (1978) of 19 March 1978 for operations in southern Lebanon. The mandate of the Interim Force has been extended several times by the Council, most recently in its resolution 1068 (1996) of 30 July 1996, by which it extended the mandate of the Force to 31 January 1997.

15. Annex I of the report of the Secretary-General (A/51/535) shows that the original cost estimates provided for a total of $134,814,000 gross ($134,450,000 net) for the maintenance of UNIFIL for the period from 1 February 1995 to 31 January 1996. Expenditures amounted to $124,257,400 gross ($121,666,600 net). The resulting unencumbered balance is $10,556,600 gross ($8,783,400 net).

16. The Advisory Committee notes, as is the case with UNDOF (see para. 8 above), that military observers from UNTSO have been deployed in UNIFIL from the beginning of the mission. In this regard, the Committee recalls the comments made in its previous report (A/50/694/Add.1) on the financing of UNIFIL for the period from 1 July 1996 to 30 June 1997. As indicated in paragraph 20 of that report, the cost of maintaining 57 observers in UNIFIL amounts to $12.5 million for the biennium 1996-1997 yet the cost of that deployment is not reflected in the budget of UNIFIL, nor in the currently examined performance report. As is the case with UNDOF, these military observers depend administratively on UNTSO, yet report to the Force Commander in UNIFIL. UNTSO estimated support costs to UNIFIL, as included in the United Nations budget for the biennium 1996-1997, are shown in annex I to the present report. Moreover, the comments and request to the Secretary-General made in paragraph 9 above are pertinent in this regard.

17. The Committee notes, as stated in annexes I and II of the report of the Secretary-General, that savings of $671,400 were recorded under military personnel costs. Paragraph 4 of annex II indicates that savings of $1,949,200 were due to lower than anticipated rotation costs in respect of military personnel. Table 1 shows the comparison between actual and budgeted expenditures. Upon inquiry regarding the lack of entry in the cost estimate column for country I, the Committee was informed that the actual costs of $195,000 referred to rotation-related costs of various contingents that had not initially been budgeted for. Additional requirements of $1,123,200 are also recorded under contingent-owned equipment. The Committee notes that these additional requirements were attributed to the payment of claims from the financial period 1986/87, as indicated in paragraph 7 of annex II. The Committee trusts that timeliness of certification will improve significantly under the new procedures for handling contingent-owned equipment.

18. Savings of $3,393,200 are recorded under budget line 2, civilian personnel costs, resulting primarily from the high vacancy rate for civilian staff (16 per cent throughout the period), caused by the transfer of experienced international staff to assist in other peacekeeping missions. The Committee also notes the additional requirements of $358,100 for general temporary assistance resulting from the hiring of local staff under special service agreements to replace the international staff of UNIFIL who were transferred to other missions. The Committee understands, as indicated in paragraph 13 of annex II, that the number of staff on special service agreement contracts will

be reduced in due time with the current process of streamlining the number of civilian staff.

19. The Advisory Committee, nevertheless, reiterates its request made in paragraph 19 of its previous report (A/50/694) that the Secretary-General reconsider the practice of using provisions for general temporary assistance to finance positions in peacekeeping budgets that are actually temporary posts, such as those in the budget of UNIFIL.

20. Item 5, transport operations, indicates savings totalling $2,864,900. Of this total amount, $1,754,000 corresponds to a provision made for the replacement of 19 vehicles, including freight. As indicated in paragraph 26 of annex II, procurement action could not be completed prior to the end of the mandate period, resulting in savings under this budget line.

21. The Committee notes from paragraph 5 of the report that the UNIFIL share towards the financing of the United Nations Logistics Base in Brindisi amounted to $500,000. The breakdown of expenditures requested by the Committee is attached as annex II to the present report.

22. Paragraph 7 of the report of the Secretary-General indicates that the action to be taken by the General Assembly in connection with the financing of UNIFIL is a decision to credit Member States their respective share of the unencumbered balance of $10,556,600 gross ($8,783,400 net) for the period from 1 February 1995 to 31 January 1996. The Advisory Committee recommends that the unencumbered balance be credited to Member States.

ANNEX I

United Nations Truce Supervision Organization

Estimated support costs to the United Nations Interim Force in Lebanon and the United Nations Disengagement Observer Force for the biennium 1996-1997

(Thousands of United States dollars)

	UNIFIL			UNDOF		
	1996	1997	Total	1996	1997	Total
1. Military personnel costs						
Military observers						
Mission subsistence allowance	1 058.5	1 168.0	2 226.5	1 533.0	1 679.0	3 212.0
Travel cost	307.8	342.0	649.8	442.8	442.8	885.6
Clothing and equipment allowance	12.5	13.8	26.3	18.0	18.0	36.0
Total, line 1	1 378.8	1 523.8	2 902.6	1 993.8	2 139.8	4 133.6
2. Civilian personnel costs						
(a) International staff	2 219.4	2 313.9	4 533.3	3 370.2	3 513.7	6 883.9
(b) Local staff	1 700.0	1 788.0	3 488.0	2 635.0	2 771.4	5 406.4
Total, line 2	3 919.4	4 101.9	8 021.3	6 005.2	6 285.1	12 290.3
3. Premises/accommodation						
(a) Rental of premises and maintenance	37.0	48.2	85.2	37.0	15.0	52.0
(b) Utilities	6.6	7.3	13.9	27.6	30.2	57.8
Total, line 3	43.6	55.5	99.1	64.6	45.2	109.8

	UNIFIL			UNDOF		
	1996	1997	Total	1996	1997	Total
4. Transport operations						
(a) Vehicle replacement	-	141.5	141.5	-	283.0	283.0
(b) Spare parts, repairs and maintenance	21.0	23.0	44.0	72.5	79.7	152.2
(c) Petrol, oil and lubricants	37.6	41.4	79.0	59.6	65.6	125.2
Total, line 4	58.6	205.9	264.5	132.1	428.3	560.4
5. Communications	9.5	10.4	19.9	3.8	4.2	8.0
6. Other equipment						
(a) Spare parts, repairs and maintenance	20.0	22.0	42.0	57.3	63.0	120.3
(b) Replacement of furniture and equipment	20.5	22.6	43.1	40.8	44.9	85.7
Total, line 6	40.5	44.6	85.1	98.1	107.9	206.0
7. Supplies and services						
(a) Miscellaneous services	20.0	22.0	42.0	35.0	38.5	73.5
(b) Uniforms for Field Service staff	29.3	29.4	58.7	44.6	44.6	89.2
(c) Miscellaneous supplies	43.0	47.3	90.3	79.0	86.9	165.9
Total, line 7	92.3	98.7	191.0	158.6	170.0	328.6
Total	5 542.7	6 040.8	11 583.5	8 456.2	9 180.5	17 636.7
Staff assessment	503.1	503.1	1 006.2	771.9	771.9	1 543.8
Total, gross	6 045.8	6 543.9	12 589.7	9 228.1	9 952.4	19 180.5

ANNEX II

United Nations Interim Force in Lebanon

Expenditures on the financing of the United Nations Logistics Base in Brindisi as shown in the UNIFIL financial performance report for the period from 1 February 1995 to 31 January 1996

(In United States dollars)

Budget line item	Expenditure
3. Premises/accommodation	
Maintenance services	210 500
Total, line 3	210 500
5. Transport operations	
Rental of vehicles	94 700
Spare parts, repairs and maintenance	132 500
Petrol, oil and lubricants	39 500
Vehicle insurance	22 800
Total, line 5	289 500
Total, lines 3 and 5	500 000